

Paris, January 30, 2020

In 2019 Chargeurs speeded up its transformation process and pursued its premiumization strategy

- **Sustained activity in 2019 – a vintage year for transition:**
 - Annual revenue up +9.2% to €626.2 million
 - Recurring operating profit among the Group's record highs, topping €41 million, despite a peak in investments and a volatile economic backdrop
 - Solid fourth-quarter revenue in line with expectations, with the Group holding firm in a temporary “wait-and-see” market environment
 - Successful integration of PCC, which delivered an excellent performance, as well as the niche champions acquired by Chargeurs Museum Solutions
- **2020 set to be a milestone year, with over €750 million in revenue and a higher recurring operating margin (based on a constant operating environment)**
 - Sizeable contribution expected from Chargeurs Protective Films' new techno smart production line
 - Positive effects from synergies and cutting-edge developments at Chargeurs PCC Fashion Technologies
 - Significant contribution from Chargeurs Museum Solutions entities
 - Recurring operating margin expected to increase considerably in 2020 thanks to return on investment from the Game Changer plan and recently-acquired companies

“2019 was a year in which all of Chargeurs' businesses clearly proved **their ability to develop and hold firm** in a volatile operating environment. The Group drew on all of its resources to speed up its transformation process, while making major investments with strong long-term potential. These investments, together with the contribution from our newly-acquired companies, should **enhance the Group's operating margin as of 2020, which is set to be a milestone year**. We are cementing our position as a global champion in our four businesses and are pursuing our strategy of standing out through premiumization and sustainable innovation.” said **Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer**.

+9.2% REVENUE GROWTH IN 2019, SHOWING STRONG RESILIENCE IN A VOLATILE OPERATING ENVIRONMENT

Revenue for 2019 came to €626.2 million, up 9.2% on 2018 and 17.5% on 2017. This robust growth was driven by the successful integration of PCC Interlining and the acquisitions carried out by Chargeurs Museum Solutions (formerly Chargeurs Technical Substrates). At constant scope and exchange rates, this performance factors in the effects of the market in Germany over a full year and the market in China which recovered in the second half of the year.

In the fourth quarter of 2019, revenue rose +1.1% year on year to €153.7 million, spurred by strong growth from Chargeurs Museum Solutions thanks to the integration of Design PM. Like for like, fourth-quarter revenue was down on the same period in 2018, when the basis of comparison was very high.

A POSITIVE CONTRIBUTION FROM ALL GEOGRAPHIC REGIONS IN 2019

The Group continued to broaden and strengthen its global presence in 2019 in all of its geographic regions.

<i>In euro millions</i>	Twelve months			Change 19 / 18		Change 19 / 17	Fourth quarter			Change 19 / 18	
	2019	2018	2017	reported	like-for-like *		2019	2018	reported	like-for-like *	
Europe	274.1	273.0	250.6	+0.4 %	-1.1 %	-9.4%	59.8	63.0	-5.1 %	-5.6%	
Americas	149.9	138.9	140.5	+7.9 %	+1.5 %	+6.7%	36.4	33.8	+7.7 %	+2.1%	
Asia	202.2	161.4	141.9	+25.3 %	-3.8 %	+42.5%	57.5	55.2	+4.2 %	-1.3%	
Chargeurs	626.2	573.3	533.0	+9.2 %	-1.2 %	+17.5%	153.7	152.0	+1.1 %	-2.3%	

* Based on a comparable scope of consolidation and at constant exchange rates

The 9.2% revenue growth figure for 2019 breaks down as follows by geographic region:

- **In Europe**, consolidated revenue rose 0.4% in 2019, despite the economic slowdown seen in Germany. Outside of Germany, sales for the Group's businesses, notably Chargeurs Protective Films, held up well, compensating for the country's disappointing revenue performance.
- **In the Americas**, revenue advanced by a sharp 7.9% thanks to ongoing strong momentum at Chargeurs Protective Films and the integration of PCC into Chargeurs PCC Fashion Technologies. In addition, Chargeurs Museum Solutions was able to make further inroads into the American market as a result of the Group stepping up its sales distribution of the innovative Sublimis fabric range designed by Senfa Technologies, and strengthening its ties with regional distributors.
- **In Asia**, revenue jumped 25.3% to €202.2 million, mainly propelled by the integration of PCC into Chargeurs PCC Fashion Technologies. This performance is above all linked to the excellent sales results achieved in South-East Asia's fastest-growing countries.

ROBUST GROWTH, FUELED BY SUCCESSFUL ACQUISITIONS AND MAJOR INVESTMENTS

<i>In euro millions</i>	Twelve months			Change 19 / 18		Change 19 / 17	Fourth quarter			Change 19 / 18		Change 19 / 17
	2019	2018	2017	reported	like-for-like *		2019	2018	2017	reported	like-for-like *	
Protective Films	278.1	283.3	281.0	-1.8%	-3.4%	-1.0%	66.2	65.6	70.0	+0.9%	-0.2%	-5.4%
PCC Fashion Technologies	210.7	161.1	131.2	+30.8%	+0.7%	+60.6%	54.5	53.3	32.5	+2.3%	-1.9%	+67.7%
Museum Solutions	37.2	30.7	25.8	+21.2%	+2.3%	+44.2%	12.5	10.3	7.5	+21.4%	-1.0%	+66.7%
Luxury Materials	100.2	98.2	95.0	+2.0%	+1.0%	+5.5%	20.5	22.8	20.2	-10.1%	-10.1%	+1.5%
Chargeurs	626.2	573.3	533.0	+9.2%	-1.2%	+17.5%	153.7	152.0	130.2	+1.1%	-2.3%	+18.0%

* Based on a comparable scope of consolidation and at constant exchange rates

The 9.2% revenue growth figure for 2019 breaks down as follows by operating segment:

- **Chargeurs Protective Films** posted one of its best-ever revenue figures, at €278.1 million, after a good second half of the year compared with the first six months. In the third quarter of 2019, the division started up its new techno smart production line in Italy, a year ahead of schedule. This new line represents the largest investment in the segment's history and is gradually giving it the additional premium production capacity that it needed. It is dedicated to the most premium product ranges, for which global demand is growing fast, and is being ramped up on schedule (accelerated in early 2020). The new line will help avoid saturation of Chargeurs Protective Films' premium production capacity and will boost its like-for-like growth in 2020 and beyond. The extra capacity is forecast to generate over €20 million in annual revenue in 2020 and is therefore a major organic growth driver for the division, while having a significant accretive effect on operating margin. This early commissioning of such a complex technological project reflects the operational excellence of the division's management and engineering teams. The extra capacity generated by this new investment – which was still only limited in the fourth quarter due to its early stages – combined with the economic upturn seen in the last part of the year (except in Germany) helped the division to return to growth, reporting a 0.9% revenue rise in the fourth quarter.

- Chargeurs PCC Fashion Technologies** delivered another excellent performance, with revenue surging 30.8% to €210.7 million, powered by the successful integration of PCC Interlining.

2019 was a particularly dynamic year, featuring numerous achievements that allowed Chargeurs PCC Fashion Technologies to effectively execute its strategy aimed at becoming an iconic brand. For example, the division made optimal use of its product development center to design state-of-the-art "smart" and high-performing products. It also launched "Sustainable Fifty" – a full range of interlinings made of eco-responsible materials – and set up new training programs and strategic partnerships across the world. These steps have enabled Chargeurs PCC Fashion Technologies to extend its footprint in each of its geographic regions, especially in Asia. It should be noted that throughout the year the division suffered from negative currency effects, particularly for the Argentine peso, although this was offset by like-for-like growth. In the fourth quarter, revenue growth came to 2.3%.
- Chargeurs Museum Solutions** (formerly Chargeurs Technical Substrates), posted very strong growth, with revenue up 21.2% year on year to €37.2 million.

This division underwent a radical business transformation in 2019, enabling it to position itself as the global market leader in integrated solutions and visitor experience services for museums around the world. In addition, the Group has recently announced a deal to acquire D&P – the largest US platform of integrated solutions for museums – which will cement its position as a global champion in museum services and strengthen its portfolio of high-potential businesses.

The division's revenue growth was mainly powered by Leach and the acquisitions of Design PM and MET Studio. Along with Hypsos – whose acquisition is in the process of completion – Leach, Design PM and MET Studio now make up Chargeurs Creative Collection, the services arm of Chargeurs Museum Solutions. Chargeurs Creative Collection is a total solution provider in the museum services market, with an offering that is the only one of its kind in the world. It manages projects from start to finish, from project planning to the final delivery of exhibitions and innovative environments. Fueled by the integration of Chargeurs Creative Collection, Chargeurs Museum Solutions' reported revenue shot up by 21.4% in the fourth quarter.

The Group made the strategic choice to considerably intensify its investments in operational and human resources in the second half of the year so as to effectively integrate its newly-acquired companies as well as D&P, whose acquisition will be completed in early 2020. Once all of these new companies are integrated in 2020, it should be a milestone year for Chargeurs Museum Solutions, which should see a significant increase in operating margin.

The systematic transformation of this division since 2018, together with the acquisition of D&P, will enable Chargeurs Museum Solutions to top the €100 million annual revenue mark by end 2020, with a high level of profitability.
- Chargeurs Luxury Materials'** revenue increased by 2.0% to €100.2 million in 2019. Until the middle of the year, wool prices held firm and drove sales growth but in the second half they fell sharply, which led to a slowdown in business for both wool spinners and producers, which explains the division's weaker performance.

The fourth quarter was not only impacted by the extreme heat and drought in Australia that affected wool quality, but also by persistently low wool prices which triggered slowdowns in the European and Chinese markets. Against this backdrop, the division's volumes and prices were negatively affected and its revenue contracted 10.1% on a like-for-like basis.

Despite the unfavorable operating environment, the division pursued its premiumization strategy, focused on high quality, traceable, durable wool fibers whose premium features appeal to the world's leading luxury and sportswear brands.

RECURRING OPERATING PROFIT AMONG THE GROUP'S RECORD HIGHS

With revenue of €626.2 million, up 9.2% year on year, based on its 2019 unaudited financial statements, Chargeurs achieved one of its highest-ever recurring operating profit figures, topping €41 million. These performances include (i) the temporary peak (which is now behind us) in investments associated with the Game Changer plan, and (ii) towards the end of the year, temporary "wait-and-see" attitudes in the US and Asian markets that lasted right up until the Chinese-American trade deal was signed.

STRONG PROSPECTS FOR THE GROUP'S STRATEGIC POTENTIAL AND PROFITABILITY IN 2020

Now that the customs duties situation has been clarified, the Group should be able to capitalize on the investments it has made under the Game Changer plan and reap the benefits of deferred demand in the United States and stronger momentum in 2020. Thanks to a return to investment under the Game Changer plan and recent acquisitions, 2020 should, provided that economic conditions remain the same as in 2019, be a milestone year, with a sharp increase in operating margin and cash generation.

Thanks to our achievements under the Game Changer plan and the recently-announced changes for Chargeurs Creative Collection, we are more confident than ever that we have got our profitable growth strategy right. A strategy that, barring any unforeseen changes in the economic environment, will allow us to exceed €750 million in annual revenue for 2020, and top the €1 billion annual revenue mark by end-2021, with recurring operating margin of over 10%.

Regarding the current situation in China, the Group considers that there will only be a limited impact on its business for the year as a whole. As things stand at present, the effect of any postponements should be caught up and offset during the course of the year. Over 70% of our Asian and Oceanian business is generated outside Mainland China, and Mainland China only makes up a small proportion of our global production base. Chargeurs Group has only two plants in China out of a total of 17 in the world. Chinese plants were in any case shut for the Chinese New Year. Chargeurs Protective Films does not have any production activities in Asia, and the Group serves its European and American customers from its production bases in Europe and America. We are closely watching the evolving situation and have taken the necessary measures to ensure we continue to deliver the best possible service to our customers and partner those that have decided to temporarily relocate their production facilities.

Appendices – Definitions

Like-for-like change (LFL)

Like-for-like changes in year Y compared with year Y-1 are calculated:

- by applying the average exchange rates for year Y-1 to the period concerned (year, half-year, quarter); and
- based on the scope of consolidation for Year Y-1.

Revenue by geographical market (or destination):

Revenue by geographical market (or destination) is presented according to customer location.

2020 Financial Calendar

Thursday, March 5, 2020 (before trading)

Tuesday, April 28, 2020

2019 annual results release

Annual General Meeting



ABOUT CHARGEURS

Chargeurs offers its customers integrated differentiation solutions to meet the new aspirations of consumers in terms of quality, innovation, environmental sustainability and experience. Number one in the world in all of its businesses, the Group, whose corporate slogan is High Emotion Technology®, delivers its expertise in three key sectors with very high potential for value creation: premium materials protection, fashion and luxury, and visitor experience.

The Group has over 2,600 employees in five continents, who serve a diversified customer base spanning more than 90 countries.

In 2019, revenue totaled €626.2 million, of which more than 90% was generated outside France.

CONTACTS – www.chargeurs.fr

Financial Communications ● +33 1 47 04 13 40 ● comfin@chargeurs.fr